

**Internal Revenue Service**

Department of the Treasury  
Washington, DC 20224

Number: **200828019**

Release Date: 7/11/2008

Index Number: 9100.00-00, 7701.25-01

Third Party Communication: None  
Date of Communication: Not Applicable

Person To Contact:  
, ID No.

Telephone Number:

Refer Reply To:  
CC:PSI:03  
PLR-144831-07  
Date: March 31, 2008

LEGEND

X =

Y =

State =

Country =

Date 1 =

Date 2 =

Date 3 =

Date 4 =

Dear :

This letter responds to a letter dated September 21, 2007, submitted on behalf of X, requesting rulings under § 301.7701-3(c)(1)(iv) and § 301.9100-3 of the Procedure and Administration Regulations. Specifically, X requests the Service's consent to change its classification from that of an association taxable as a corporation to that of a disregarded entity, and for extension of time to make the election.

FACTS

X was formed under the laws of State, on Date 1. Although X was a domestic eligible entity, X did not make an initial classification election. X elected to be treated as an association taxable as a corporation on Date 2. On Date 3, Y, a corporation formed under the laws of Country, became the indirect 100 percent owner of X. X intended to elect to be an entity disregarded from its owner effective Date 4, a date within sixty months of X's previous entity classification election on Date 2. Y had no ownership interest in X on Date 2. The Service's consent is now requested under § 301.7701-3(c)(1)(iv) to change X's classification to an entity disregarded from its owner.

### LAW

Section 301.7701-2(a) provides, in part, that a business entity is any entity recognized for federal tax purposes that is not properly classified as a trust under § 301.7701-4 or otherwise subject to special treatment under the Internal Revenue Code.

Section 301.7701-3(a) further provides that an eligible entity with only one owner is classified as a corporation or is disregarded; if the entity is disregarded, its activities are treated in the same manner as a sole proprietorship, branch, or division of the owner.

Section 301.7701-3(a) provides that so long as a business entity is not classified as a corporation under § 301.7701-2(b)(1), or (3)-(8) (an eligible entity), it may elect its classification for federal tax purposes. Section 301.7701-3(b)(1)(ii) provides that, unless the entity elects otherwise, a domestic eligible entity is disregarded as an entity separate from its owner if it has a single owner.

Section 301.7701-3(c)(1)(i) provides that an eligible entity may elect to be classified other than as provided under § 301.7701-3(b) by filing a Form 8832 with the appropriate service center. Under § 301.7701-3(c)(1)(iii), this election will be effective on the date specified by the entity on Form 8832 or on the date filed if no such date is specified on the election form. The date specified on Form 8832 cannot be more than 75 days prior to the date on which the election is filed and cannot be more than 12 months after the date on which the election is filed.

Section 301.7701-3(c)(1)(iv) provides in relevant part that, if an eligible entity makes an election under § 301.7701-3(c)(1)(i) to change its classification, the entity cannot change its classification by election again during the sixty months succeeding the effective date of the election. However, the Commissioner may permit the entity to change its classification by election within the sixty months if more than fifty percent of the ownership interests in the entity as of the subsequent election are owned by persons that did not own any interests in the entity on the filing date or on the effective date of the entity's prior election. An election by a newly formed eligible entity that is

effective on the date of formation is not considered a change for purposes of this paragraph.

Section 301.9100-1(c) provides that the Commissioner may grant a reasonable extension of time to make a regulatory election, or a statutory election (but no more than 6 months except in the case of a taxpayer who is abroad), under all subtitles of the Internal Revenue Code except subtitles E, G, H, and I. Section 301.9100-1(b) defines the term "regulatory election" as an election whose due date is prescribed by a regulation published in the Federal Register or a revenue ruling, revenue procedure, notice, or announcement published in the Internal Revenue Bulletin.

Sections 301.9100-1 through 301.9100-3 provide the standards the Commissioner will use to determine whether to grant an extension of time to make the election. Section 301.9100-2 provides the rules governing automatic extensions of time for making certain elections. Section 301.9100-3 provides the standards the Commissioner will use to determine whether to grant an extension of time for regulatory elections that do not meet the requirements of § 301.9100-2. Under § 301.9100-3, a request for relief will be granted when the taxpayer provides evidence to establish to the satisfaction of the Commissioner that (1) the taxpayer acted reasonably and in good faith, and (2) granting relief will not prejudice the interests of the government.

#### CONCLUSION

Based solely on the information submitted and the representations made, we consent to X changing its classification for federal tax purposes less than 60 months after its previous classification change. As a result, X is granted an extension of time of 60 days from the date of this letter to file a Form 8832 with the appropriate service center and elect to be treated as an entity disregarded from its owner effective Date 4. A copy of this letter should be attached to the Form 8832, to be filed with the appropriate service center within the extension period. A copy is enclosed for that purpose.

Except as specifically set forth above, no opinion is expressed concerning the federal tax consequences of the facts described above under any other provision of the Code. This ruling is directed only to the taxpayer requesting it. Section 6110(k)(3) provides that it may not be used or cited as precedent. Pursuant to a power of attorney on file with this office, a copy of this letter is being sent to X's authorized representative.

Sincerely

/s/

William P. O'Shea  
Associate Chief Counsel  
(Passthroughs & Special Industries)

Enclosures (2)

Copy of this letter

Copy for § 6110 purposes